



WESTMINSTER

Staff Report

TO: The Mayor and Members of the City Council

DATE: November 5, 2009

SUBJECT: Briefing and Post-City Council Briefing Agenda for November 9, 2009

PREPARED BY: J. Brent McFall, City Manager

Please Note: Study Sessions and Post City Council briefings are open to the public, and individuals are welcome to attend and observe. However, these briefings are not intended to be interactive with the audience, as this time is set aside for City Council to receive information, make inquiries, and provide Staff with policy direction.

Looking ahead to Monday night's Briefing and Post-City Council meeting briefing, the following schedule has been prepared:

Dinner	6:00 P.M.
Council Briefing (<i>The public is welcome to attend.</i>)	6:30 P.M.
CITY COUNCIL MEETING	7:00 P.M.
POST BRIEFING (<i>The public is welcome to attend.</i>)	

PRESENTATIONS

None at this time

CITY COUNCIL REPORTS

1. Report from Mayor (5 minutes)
2. Reports from City Councillors (10 minutes)

EXECUTIVE SESSION

None at this time

INFORMATION ONLY

1. Westminster Economic Development Authority 3rd Quarter 2009 Financial Update

Items may come up between now and Monday night. City Council will be apprised of any changes to the post-briefing schedule.

Respectfully submitted,

J. Brent McFall
City Manager



WESTMINSTER

Staff Report

Information Only Staff Report
November 9, 2009



SUBJECT: Westminster Economic Development Authority 3rd Quarter 2009 Financial Update

PREPARED BY: Karen Creager, Special Districts Accountant

Summary Statement:

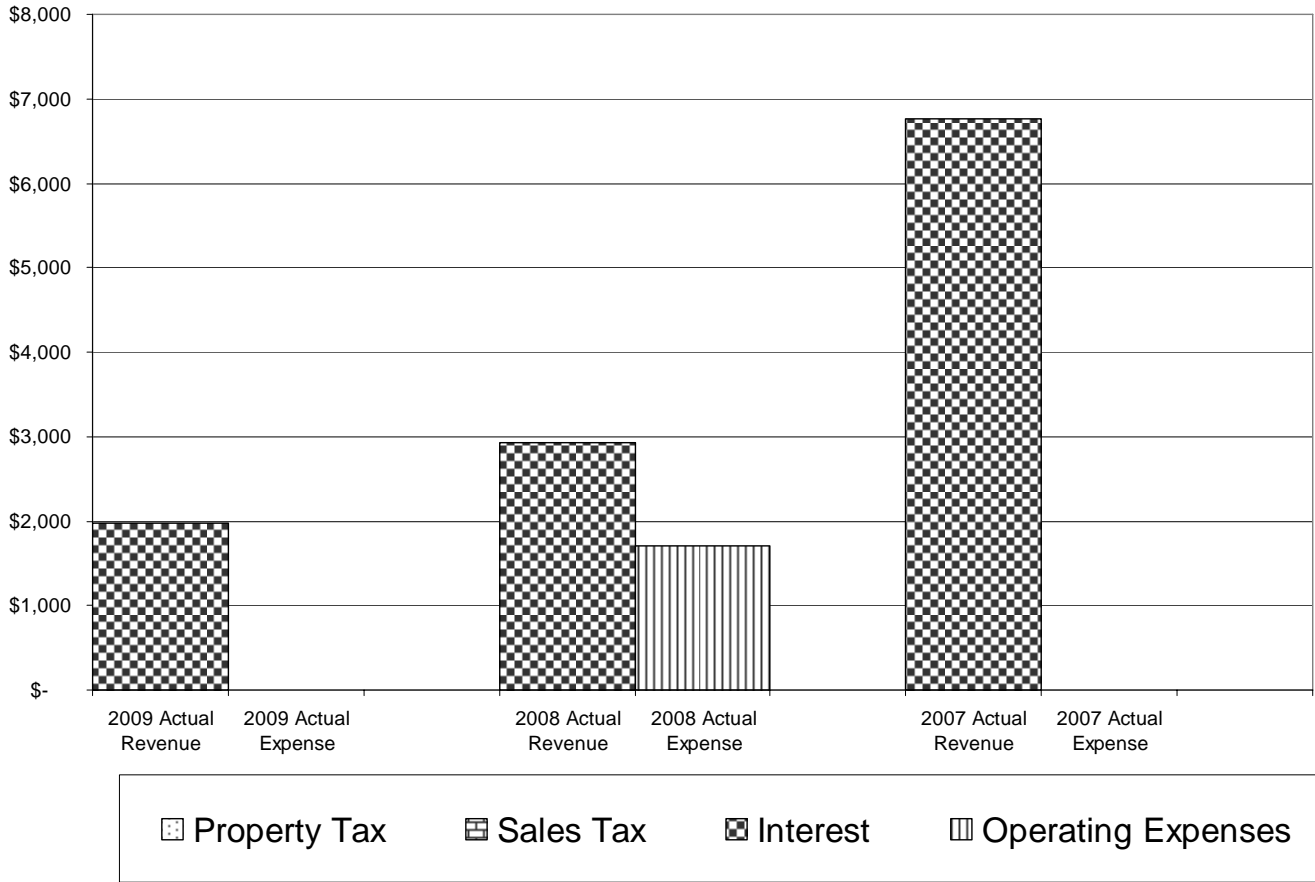
This report is for information only and requires no action by the Board. The report represents the unaudited financial position for each of the Westminster Economic Development Authority's (WEDA) Urban Renewal Areas (URA's) as of September 30, 2009.

Background Information:

WEDA currently includes seven separate URA's. This report presents the financial activity as of September 30, 2009. Included in the report are the following for each URA: 1) Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service, as of September 30. 2) a chart summarizing the financial position as of September 30, 2009. 3) a list of all current outstanding obligations.

Holly Park URA

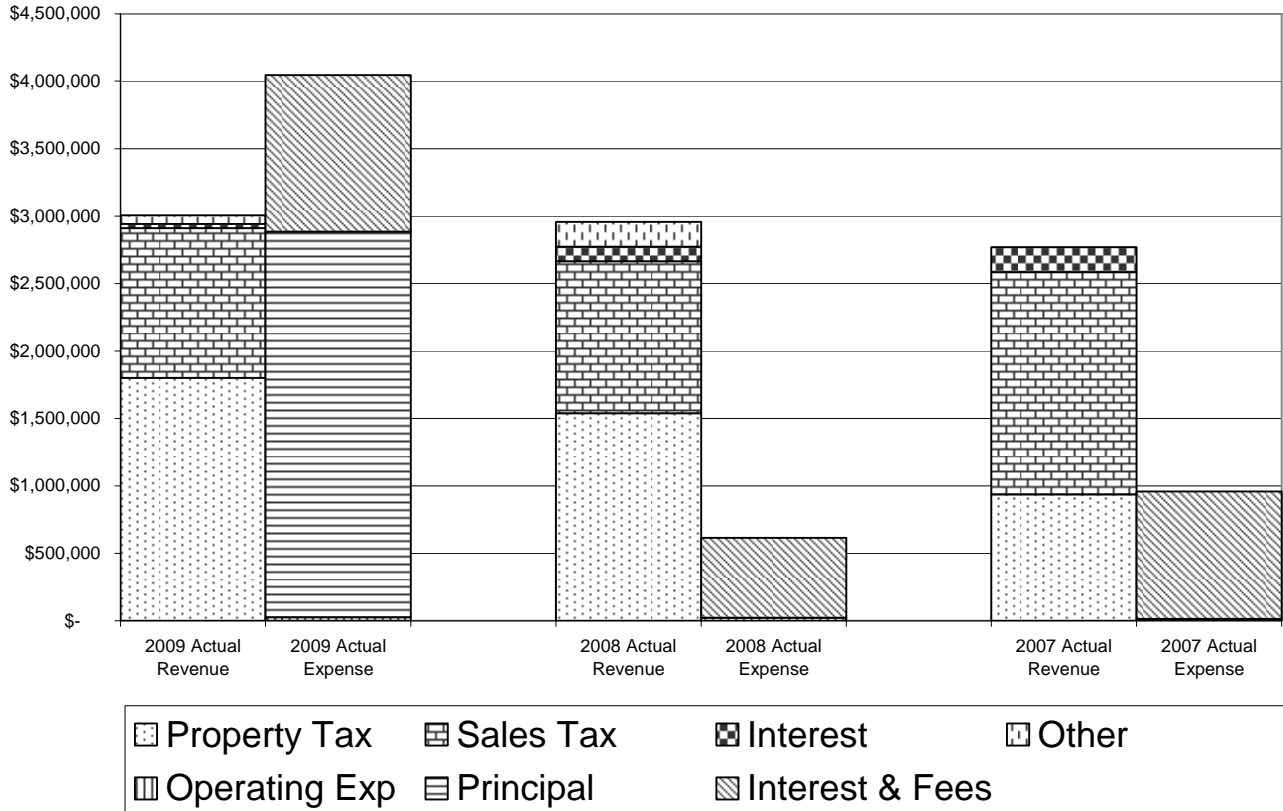
Holly Park URA Comparative Revenues vs Expenses as of 9/30/09



- The General Fund loaned \$1,245,000 to this URA to fund the capital project for the clean-up of the property to ready it for resale. It is anticipated that the interfund loan will be repaid once the property is sold.
- The only revenue recorded is interest earnings on the unspent project funds. Interest earnings decreased \$962 in 2009 from 2008 because the project funds continue to be spent.

Mandalay Gardens URA (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 9/30/09

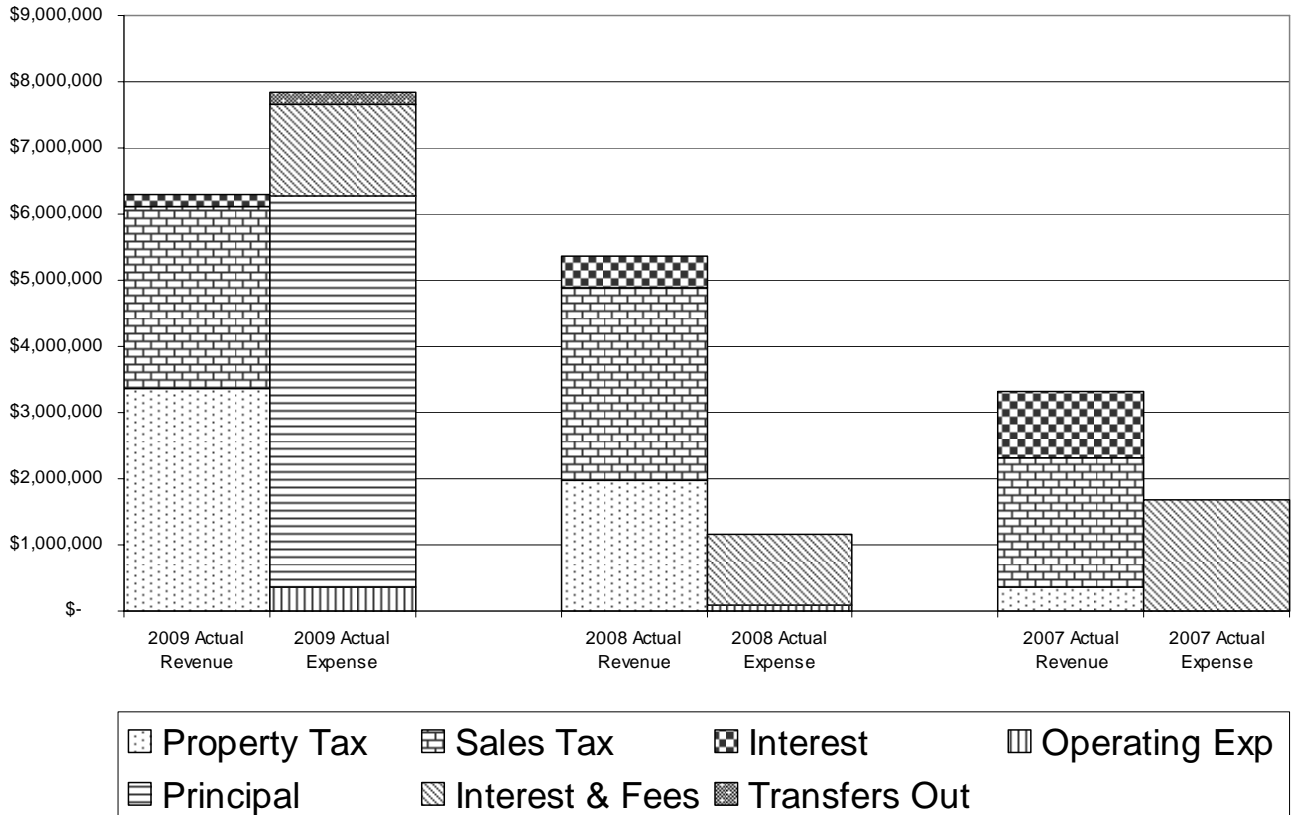


- Property tax increment increased due to assessed valuation increases from newly completed development.
- 2008 was the first full year of the sales tax pledge reduction from 3.0% to 1.75%. Sales tax increment decreased due to the current economic climate.
- Interest earnings decreased as a result of lower cash on hand due to accelerated debt service payments and declining interest rates.
- Other revenues decreased due to one-time revenues received in 2008.
- Operating expenses increased due to an increase in the property tax collection fee paid to the county treasurer, consistent with the increase in property tax revenues.
- Debt service costs increased due to the accelerated debt service schedule with the variable rate bonds becoming bank bonds. The bonds for this URA were refinanced in September 2009. The refinancing provides for a more even stream of debt service payments through the year 2028. Accumulated prior year incremental revenues have been used to supplement current year revenues to pay debt service due under the accelerated schedule.

Description	2009	2008	Change
Property tax increment	1,800,265	1,538,908	261,357
Sales tax increment	1,111,346	1,126,876	(15,530)
Interest	30,813	107,746	(76,933)
Other	62,746	246,911	(184,165)
Operating Exp	27,004	23,084	3,920
Principal	2,857,875	-	2,857,875
Interest and Fees	1,160,859	592,483	568,376

North Huron URA

North Huron URA Comparative Revenues vs Expenses as of 9/30/09

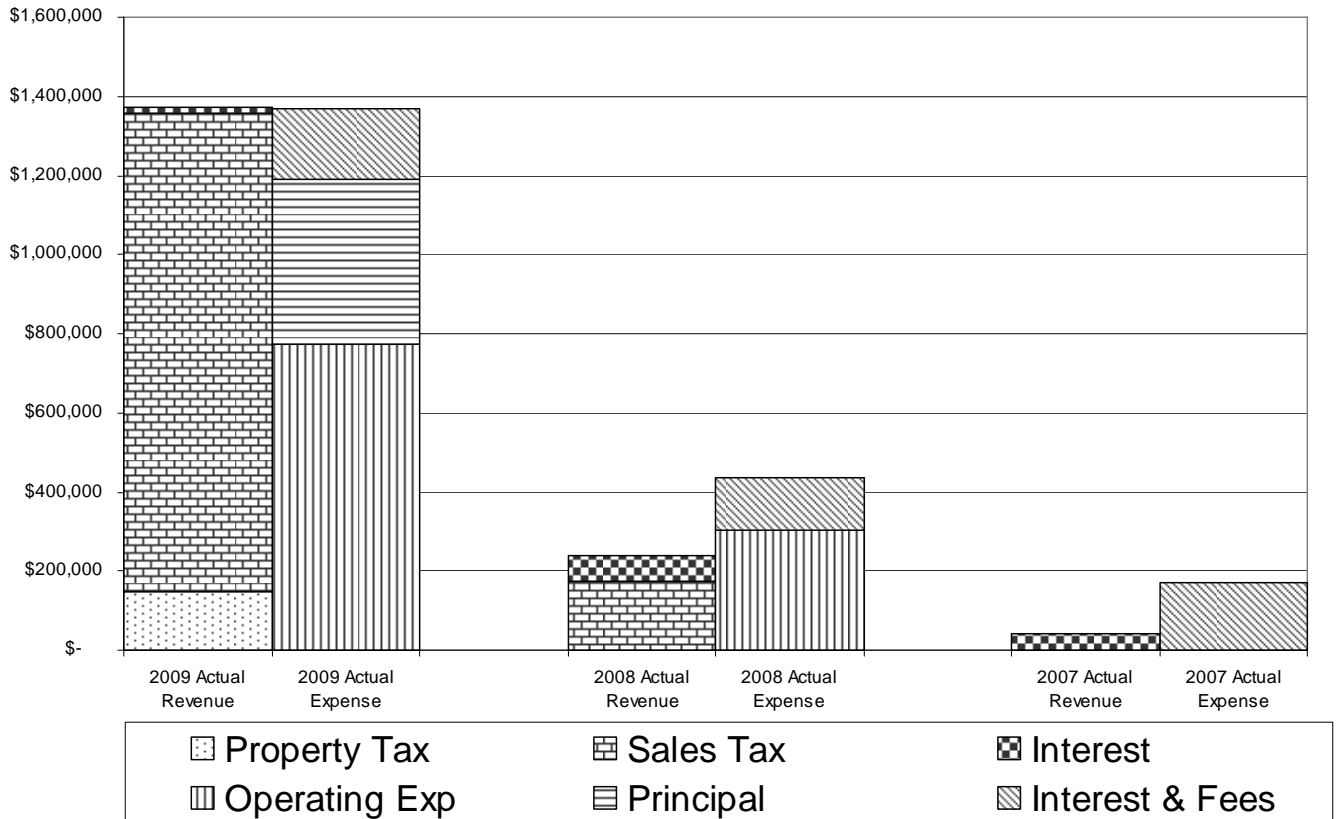


Description	2009	2008	Change
Property tax increment	3,365,200	1,966,348	1,398,852
Sales tax increment	2,741,865	2,923,267	(181,402)
Interest	190,177	478,931	(288,754)
Operating Exp	358,916	92,406	266,510
Principal	5,925,000	-	5,925,000
Interest and Fees	1,370,054	1,058,265	311,789

- Property tax increment increased as a result of increases in the assessed valuation due to continued development in the URA.
- Sales tax increment decreased due to the reduction in the sales tax pledge from 2% to 1% in June 2009 when the bonds were converted to a loan. The other 1% remained with the City.
- Interest earnings decreased as a result of lower project cash on hand due to project completions, pay down of principal when the bonds were refinanced, and declining interest rates.
- Operating expenses increased due to larger economic development agreement (EDA) expenses and an increase in the property tax collection fee paid to the county treasurer, consistent with the increase in property tax revenues.
- Debt service costs increased due to the accelerated debt service schedule when variable rate bonds became bank bonds, as well as the pay down of \$2,510,000 of principal as part of the refinancing completed in May 2009. The refinancing provides for a more even stream of debt service payments through the year 2029. Accumulated prior year incremental revenues have been used to supplement current year revenues to pay debt service due under the accelerated schedule.

South Sheridan URA

South Sheridan URA Comparative Revenues vs Expenses as of 9/30/09

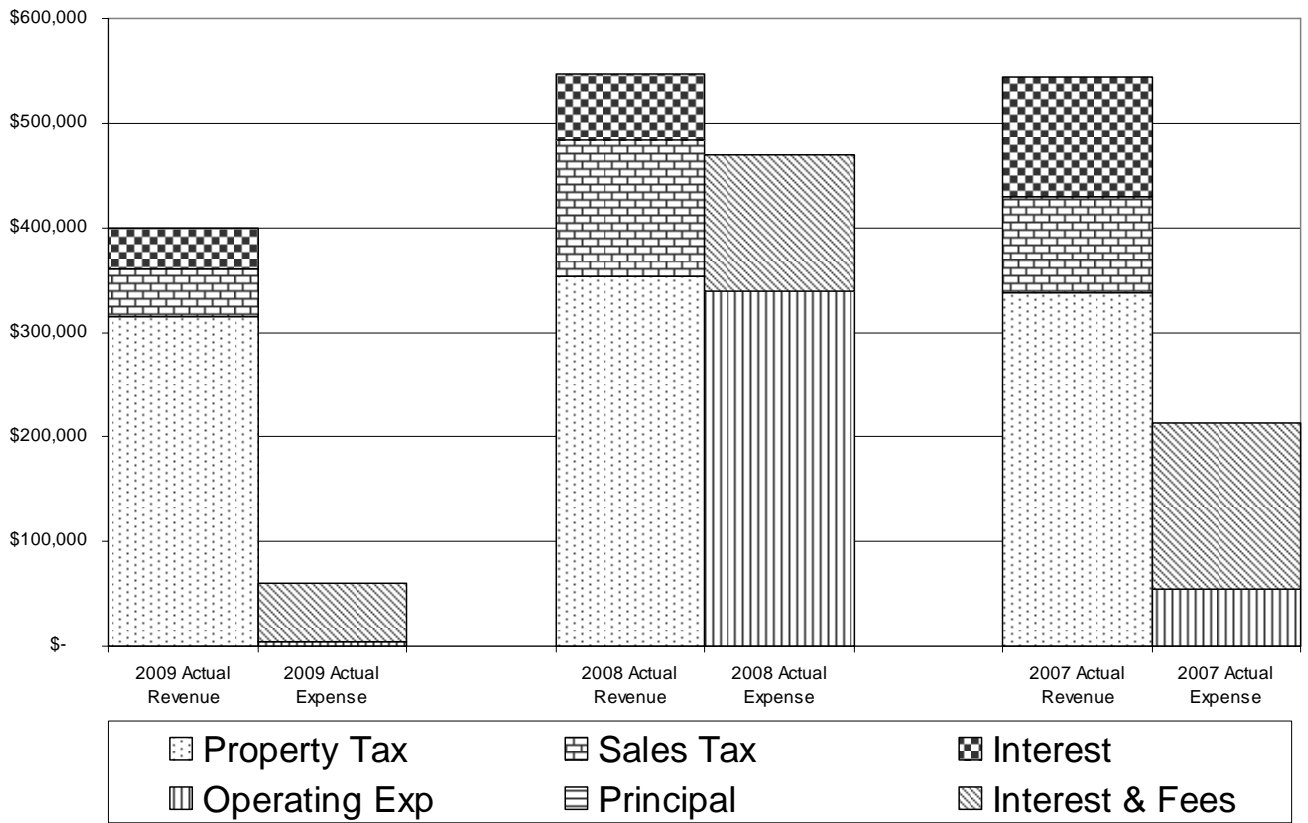


- Receipt of incremental property tax revenues began in 2009, which accounted for the increase in property tax increment.
- The sales tax base was met in the 1st quarter 2009 compared to the 3rd quarter 2008, resulting in a sales tax increment increase.
- Interest earnings decreased primarily as a result of lower cash on hand due to project completions and declining interest rates.
- Operating expenses increased due to larger EDA expenses in 2009.
- Debt service costs increased due to the accelerated debt service schedule when the bonds became bank bonds. These bonds were refinanced to a loan in June 2009. The refinancing provides for a more even stream of debt service payments through the year 2028. Accumulated prior year incremental revenues have been used to supplement current year revenues to pay debt service due under the accelerated schedule.
- Capitalized interest from bond proceeds funded a portion of the principal, interest and fees expenses in the first half of 2009. Those funds are now exhausted. Property tax and sales tax increment should be more than adequate to cover all future debt service and other obligations of the URA.

Description	2009	2008	Change
Property tax increment	148,249	-	148,249
Sales tax increment	1,209,389	173,429	1,035,960
Interest	15,906	65,469	(49,563)
Operating Exp	772,900	301,709	471,191
Principal	416,000	-	416,000
Interest and Fees	178,243	132,424	45,819

South Westminster URA

South Westminster URA Comparative Revenues vs Expenses as of 9/30/09

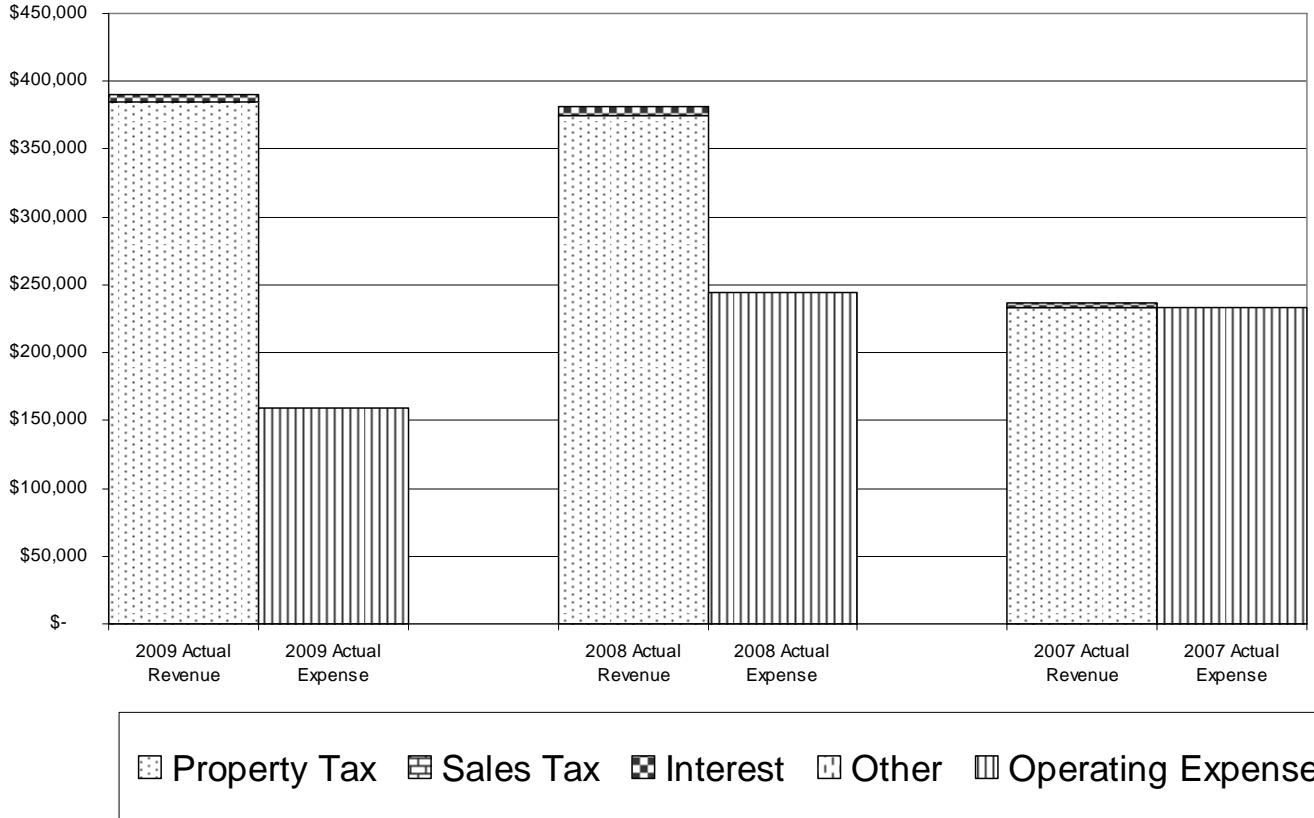


- Although property tax receipts fluctuate from month-to-month in this URA, property tax increment decreased this quarter.
- Sales tax increment decreased as a result of the current economic climate.
- Interest earnings decreased as a result of lower cash on hand due to the reduction of increment received in recent years and declining interest rates.
- Operating expenses decreased due to a reduction in EDA payments.
- Debt service costs decreased this quarter. On May 18, 2009, the Board approved the refunding of the WEDA Series 97 Bonds with the City holding the bond in its investment portfolio.
- It is anticipated that current year revenues and existing available cash will be sufficient to fund the URA's obligations. Use of existing available cash will result in a further reduction in this URA's fund balance.

Description	2009	2008	Change
Property tax increment	315,715	354,294	(38,579)
Sales tax increment	45,192	129,016	(83,824)
Interest	38,742	63,646	(24,904)
Operating Exp	4,736	339,314	(334,578)
Principal	-	-	-
Interest and Fees	56,113	130,368	(74,255)

Westminster Center URA

Westminster Center East URA Comparative Revenues vs Expenses as of 9/30/09



- Although property tax receipts fluctuate from month-to-month in this URA, property tax increment increased this quarter.
- No sales tax increment was realized in the 3rd quarter of 2009 or the 3rd quarter of 2008 as the sales tax base was not met. It is anticipated that property tax increment will be sufficient to meet obligations again in 2009, which means sales tax increment will not be transferred to this URA.
- Interest earnings and other revenues in 2009 remained consistent with 2008.
- Operating expenses decreased due primarily to a reduction in EDA expenses.
- This URA has no bonded debt obligations.

Description	2009	2008	Change
Property tax increment	384,628	375,323	9,305
Sales tax increment	-	-	-
Interest	5,908	6,375	(467)
Other	12	41	(29)
Operating Exp	159,008	243,859	(84,851)

Westminster Center Urban Reinvestment Project Area

- On April 13, 2009, City Council approved Resolution 12, Series 2009, which established the Westminster Center Urban Reinvestment Project Area (Area) and the Reinvestment Plan.
- Tax increment financing approval was not requested at that time. Therefore, there is no financial activity in the Area to report.

Respectfully submitted,

J. Brent McFall
Executive Director of Authority

Attachments

**Westminster Economic Development Authority
Obligations at 9/30/09**

	URA	Outstanding Balance	2009 Estimated Expense
<i><u>Bonds-Principal only</u></i>			
2009 WEDA Bonds	South Westminster	\$ 5,330,000	\$ 265,000
2009 WEDA Bonds	N Huron	62,375,000	7,095,000
2009 WEDA Bonds	Mandalay	35,830,000	2,857,875
2009 WEDA Bonds	South Sheridan	8,075,000	536,000
Total Bonds		<u>\$ 111,610,000</u>	<u>\$ 10,488,875</u>
<i><u>EDA</u></i>			
Lowe's HIW, Inc. - 136th Avenue location	N Huron	\$ 601,062	\$ 96,607
Shoenberg Ventures assigned to Wal-Mart	South Sheridan	4,724,885	778,206
LaConte Real Estate Trust	South Westminster	50,000	25,000
Pappa's Restaurants, Inc.	Westminster Center	163,409	69,402
Total EDA		<u>\$ 5,539,356</u>	<u>\$ 969,215</u>
<i><u>Interfund loans</u></i>			
Gen Capital Improv Fund	Holly Park	\$ 1,125,000	\$ -
General Fund	Holly Park	120,000	-
Utility Fund	South Westminster	2,400,000	200,000
Total Interfund loans		<u>\$ 3,645,000</u>	<u>\$ 200,000</u>

Westminster Economic Development Authority
Unaudited Financial Statements
For the period ending September 30, 2009

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminster	Westminster Center East	Total
Revenues							
<i>Property Tax</i>	\$ -	\$ 1,800,265	\$ 3,365,200	\$ 148,249	\$ 315,715	\$ 384,628	\$ 6,014,057
<i>Sales Tax</i>	-	1,111,346	2,741,865	1,209,389	45,192	-	5,107,792
<i>Interest</i>	1,971	30,813	190,177	15,906	38,742	5,908	283,517
<i>Miscellaneous</i>	-	-	-	-	-	12	12
<i>Intergovernmental</i>	-	62,746	-	-	-	-	62,746
<i>Other Financing Source</i>	-	35,830,000	62,375,000	8,075,000	5,330,000	-	111,610,000
<i>Transfers</i>	-	-	-	-	200,000	-	200,000
Total Revenues	1,971	38,835,170	68,672,242	9,448,544	5,929,649	390,548	123,278,124
Expenses							
<i>Operating</i>	-	27,004	358,916	772,900	4,736	159,008	1,322,564
<i>Capital Project -proj exp</i>	13,072	-	2,525,565	73,495	-	-	2,612,132
<i>Principal</i>	-	2,857,875	5,925,000	416,000	-	-	9,198,875
<i>Interest & Fees</i>	-	1,160,859	1,370,054	178,243	56,113	-	2,765,269
<i>Other Financing Uses</i>	-	35,481,488	62,878,028	8,036,568	5,340,239	-	111,736,323
<i>Transfers Out</i>	-	-	-	-	-	-	-
Total Expenses	13,072	39,527,226	73,057,563	9,477,206	5,401,088	159,008	127,635,163
<i>Revenues Over(under) Exp</i>	(11,101)	(692,056)	(4,385,321)	(28,662)	528,561	231,540	(4,357,039)
Beginning Fund Balance	(304,088)	7,118,786	21,526,255	1,425,825	283,861	95,930	30,146,569
Ending Fund Balance*	\$ (315,189)	\$ 6,426,730	\$ 17,140,934	\$ 1,397,163	\$ 812,422	\$ 327,470	\$ 25,789,530

* Ending fund balance includes the following reserved amounts that can be spent only as indicated in the line description:

Debt Service Reserve	\$ -	\$ 6,411,411	\$ 14,155,742	\$ 2,050,960	\$ -	\$ -	\$ 22,618,113
Capital Project Reserve	43,881	-	2,688,713	69,795	-	-	2,802,389
Inventory	850,000	-	-	-	-	-	850,000
Total Reserved Fund Balance	\$ 893,881	\$ 6,411,411	\$ 16,844,455	\$ 2,120,755	\$ -	\$ -	\$ 26,270,502